

# Washington State Auditor's Office

## Audit Report

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### Wenatchee School District Chelan County

Audit Period  
September 1, 1997 through August 31, 1998

Report No. 60411

Issue Date  
July 30, 1999



Washington \_\_\_\_\_  
*State Auditor*  
\_\_\_\_\_  
Brian Sonntag

# Audit Summary

**Wenatchee School District  
Chelan County  
September 1, 1997 through August 31, 1998**

## ***ABOUT THE AUDIT***

This report contains the results of our annual independent audit of the Wenatchee School District for the period September 1, 1997, through August 31, 1998.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated the internal controls established by District management. Our work focused on specific areas that had potential for abuse or misuse of public resources. A special focus of our audit was the District's enrollment, staff mix and transportation reporting.

## ***RESULTS***

The District complied with state laws and regulations and its own policies. The District had sufficient internal controls in place to safeguard assets. We also found the District's financial statements were complete and accurate.

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Chelan County  
September 1, 1997 through August 31, 1998**

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# Description of the District

## Wenatchee School District Chelan County September 1, 1997 through August 31, 1998

### ***ABOUT THE DISTRICT***

The Wenatchee School District serves approximately 6,700 students in grades kindergarten through 12<sup>th</sup>. The District operates seven grade schools, three middle schools, a high school, and an alternative high school. The District operates on a \$44 million annual budget and employs about 900 people. Five elected Board Members, each serving a four-year term, govern the District.

### ***ELECTED OFFICIALS***

These members of the Wenatchee School District served during the audit period:

Board of Directors:

Barbara Brinton  
Ken Badgley  
Mike Armstrong  
Jesus Hernandez  
Karen Norlin

### ***APPOINTED OFFICIALS***

Superintendent  
Deputy Superintendent  
Executive Director of Budget and Finance  
Executive Director of learning and  
Teaching  
Executive Director of Human Resources  
Administrator of Student and Support  
Services  
Budget and Finance Accountant

John Gordon  
Brian Fones  
John Knutson

Lanny Fitch  
Vicki Trainor

Joan B. Wright  
Karen Walters

### ***ADDRESS***

District

PO Box 1767  
Wenatchee, WA 98807  
(509) 663-8161  
[internet.wsd.wednet.edu](http://internet.wsd.wednet.edu)

# Audit Areas Examined

## Wenatchee School District Chelan County September 1, 1997 through August 31, 1998

In keeping with general auditing practices, we do not examine every portion of the District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### **LEGAL COMPLIANCE**

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open public meetings laws
- Budget requirements
- Competitive bidding requirements
- Ethics/conflict of interest laws
- Staff mix laws related to the accuracy of teachers' credits and years experience reported
- Legal and supported payments
- Travel reimbursements
- Enrollment laws related to the accuracy of counts reported
- Transportation laws related to the accuracy of ridership reported

### **INTERNAL CONTROL**

We evaluated the following areas of the District's internal control structure:

- Cash receipting (Associated Student Body and daycare)
- Purchasing
- Payroll

### **FINANCIAL AREAS**

In addition to the financial-related work listed in other categories, we audited the following areas:

- Revenues
- Cash
- Overall presentation of the financial statements
- Expenditures
- Investments
- Long-term debt

### **FEDERAL PROGRAMS**

We audited the District's federal programs as part of our Washington Education System Single Audit Pilot project. The pilot project is an annual, statewide audit of federal programs administered by school districts, educational service districts and the Office of Superintendent of Public Instruction (OSPI). In conducting our audit, we evaluated and tested the internal controls used by the Washington education system to administer its federal programs and tested the education system's compliance with federal laws and regulations. For the District's programs, our

testing was performed both at the District and at OSPI. We audited the following programs at the Wenatchee School District:

U.S. Department of Agriculture:

- National School Lunch

U.S. Department of Education:

- Title I Migrant Education
- Vocational Education

Our examination at the Wenatchee School District included the following compliance areas, as applicable to each program:

- Spending grant funds for allowable purposes
- Eligibility of program participants
- Federal financial reporting

The results of our pilot project will be published in a separate report, which includes federal findings from all school districts, educational service districts and OSPI.

# Audit Overview

**Wenatchee School District  
Chelan County  
September 1, 1997 through August 31, 1998**

## ***AUDIT HISTORY***

We typically audit the District every two years. However, due to changes in the federal Single Audit Act, an annual audit was required. Prior audits have been free of findings. This reflects the District's commitment to strong internal controls and compliance with state laws. During the current audit, no conditions were noted that were significant enough to report as findings.

The District is receptive and responsive to any recommendations made by our Office. The District employs a positive and professional staff. In addition, accounting records are well organized and supported.

## ***CONCLUSIONS***

In the areas examined, we found the District complied with state laws and regulations and its own policies and procedures. The District had sufficient internal controls in place to safeguard assets. We would like to commend the District for improvements noted in transportation reporting and Associated Student Body cash receipting. The time and resources invested are appreciated. We also found the District's financial statements were complete and accurate.

We thank District officials and personnel for their assistance and cooperation throughout the audit.

# Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards

## Wenatchee School District Chelan County September 1, 1997 through August 31, 1998

Board of Directors  
Wenatchee School District  
Wenatchee, Washington

We have audited the financial statements of the Wenatchee School District, Chelan County, Washington, as of and for the year ended August 31, 1998, and have issued our report thereon dated March 5, 1999.

As described in our report on the financial statements, our opinion is qualified because the district omitted the general fixed asset account group from its financial statements, which is a departure from generally accepted accounting principles.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the District's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

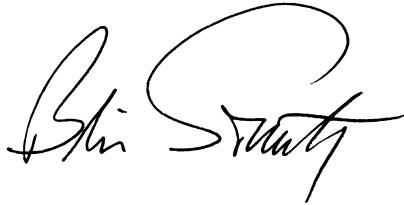
### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.



Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a large, stylized loop at the end.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

March 5, 1999

# Independent Auditor's Report on Financial Statements

## **Wenatchee School District Chelan County September 1, 1997 through August 31, 1998**

Board of Directors  
Wenatchee School District  
Wenatchee, Washington

We have audited the accompanying general purpose financial statements of the Wenatchee School District, Chelan County, Washington, as of and for the year ended August 31, 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

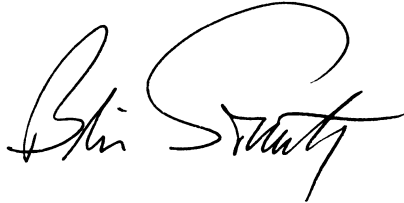
The financial statements referred to above do not include the general fixed asset account group, which should be included in order to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed asset account group is not reasonably determinable.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Wenatchee School District as of August 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Year 2000 supplementary information on page 25 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we

did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large loop at the end of the last name.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

March 5, 1999

# Financial Statements

**Wenatchee School District  
Chelan County  
September 1, 1997 through August 31, 1998**

## ***FINANCIAL STATEMENTS***

Combined Balance Sheet – All Fund Types and Account Groups – 1998  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All  
Governmental Fund Types and Expendable Trust Fund – 1998  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and  
Actual – All Governmental Fund Types – 1998  
Notes to Financial Statements – 1998

## ***SUPPLEMENTARY INFORMATION***

Required Supplementary Information – Year 2000 Programming Issues